

OKHAHLAMBA LOCAL MUNICIPALITY



2015-2016

DRAFT

**SERVICE DELIVERY BUDGET
IMPLEMENTATION PLAN (SDBIP)**

INTRODUCTION

1. LEGISLATIVE FRAMEWORK IN TERMS OF THE MFMA

The Municipal Finance Management Act, 56 of 2003 requires Local Municipalities to develop and adopt the Service Delivery and Budget Implementation Plan to (SDBIP) give credence to the Budget. The Service Delivery Implementation Plan is a Strategic Management and Implementation tool, which sets in-year targets, such as quarterly service delivery monthly budgets targets.

Section 1 of the MFMA refers to the SDBIP as a “Service delivery and Budget Implementation Plan” means a detailed plan approved by the mayor of a municipal services and its annual budget, and which must indicate-

- a) Projections for each month of-
- b) Revenue to be collected by source
- c) Operational and Capital Expenditure, by vote
- d) Service Delivery Targets and Performance Indicators for each quarter
- e) Any other matter that may be prescribed

It is important to note that the SDBIP directly influences the development of the Municipal Organizational Performance Scorecard.

2. LEGAL FRAMEWORK

In terms of the provisions of the MFMA the processes for the submission, approval, implementation and revision of the Service Delivery and Budget Implementation Plan (SDBIP) are as follows:

Section 69 (3) (a)	Municipal Manager submit draft SDBIP to the Mayor within 14 days after the approval of the Budget
Section 53 (1) (c) (ii)	Mayor to take all reasonable steps to ensure that the Mayor approves the SDBIP within 28 days after the approval of the budget
Section 53 (1) (c) (iii)	Mayor to take all reasonable steps to ensure that the annual performance agreements of the Municipal Manger and all Senior Managers are linked to the SDBIP and Performance Objectives of approved budget.
Section 53 (3) (a)	Mayor must ensure that the SDBIP be made public within 14 days after the approval of the SDBIP
Section 53 (3) (b)	Mayor must ensure that the Performance Agreements of the Municipal Manager and Senior Managers are made public within 14 days after the approval of the SDBIP and copies submitted to council and MEC for Local Government in the Province
Section 69 (1) (a)	Municipal Manager to implement the Budget and to adjust expenditure if revenue is not in accordance with the Budget of the SDBIP
Section 71 (1) (g) (ii)	The Municipal Manager to report within 10 working days of the end of each month to the Mayor an explanation of any material variance from the SDBIP
Section 72	The Municipal Manager, by 25 January, to assess the performance of the municipality for the first half of the year taking into account the service delivery targets and performance indicators set in the SDBIP and submit a report on it to the mayor, the National Treasury and the

	Provincial Treasury. The report must include recommendations as to whether an adjustment budget is necessary, and is necessary, recommendations of revised projections of income and expenditure.
Section 54	The Mayor must, upon receiving the reports listed in section 71 and 72, check whether the budget is implemented in accordance with the SDBIP and make revisions with council's approval for an adjustment budget and changes to the performance indicators in the budget and SDBIP, issue instructions to the Municipal Manager to ensure the Budget is implemented according to the SDBIP, submit the section 72 report to Council by 31 January of each year and make any revision to the SDBIP public promptly.

3. OVERVIEW

The main objective of the Okhahlamba Local Municipality SDBIP for 2015/2016 is to provide a critical link between the Mayor, Councillors and Administration, and facilitates the process for holding management accountable for its performance.

The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. It shall be circulated internally and externally for purposes of monitoring the execution of the budget performance of senior management and achievement of strategic objectives of council.

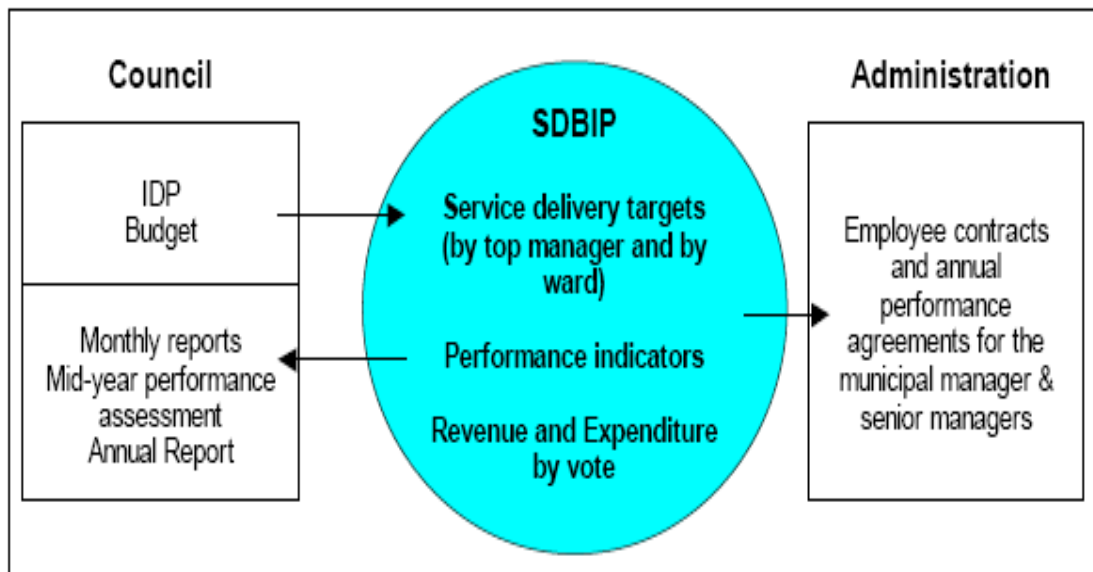
It enables the Municipal Manager to monitor the performance of senior managers and the Mayor to monitor the performance of the Municipal Manager, and for the council and community to monitor the performance of the Municipality.

The SDBIP will not ensure the appropriate monitoring of the Municipal Budget alone; rather it will serve as kernel of the development and adoption of the annual performance contracts for senior managers and the due phasing-in of performance systems in the lower level of management. It further provides a foundation for the overall annual and quarterly organization performance for the 2013/2014 financial Year.

The SDBIP is a layered plan. The top layer deals with consolidated service delivery targets and in-year deadlines, and links these targets to each top manager. Each senior manager is expected to develop the lower layer of details of the SDBIP. The responsible manager must provide more details on each output for which is responsible, break up these output into smaller outputs and then link these to each middle-level and junior manager. Much of this lower-layer detail will not be made public not tabled in council.

Only the highest layer of information of the SDBIP will be made public or tabled in the council. This information should also include per ward information, particularly for key expenditure items on capital programmes and projects and service delivery. This will enable each ward councillor and ward committee to oversee service delivery in their wards.

Diagram 1
SDBIP “contract”



4. THE KEY COMPONENT OF THE SDBIP

4.1. Monthly projection of revenue to be collected for each source

One of the most and basic priorities for the Municipality is to collect all its revenue as budgeted for. The failure to collect the Municipal expected revenue will severely impact negatively on the Municipal ability to provide services to the community.

Credit Control meetings are responsible of the monitoring of the collection of revenue per week. Credit Control monitors achievements of targets and take measures to remedy such deviations from achieving set targets. **Executive Committee** shall receive monthly budget statements, which are firstly discussed at the Public Accounts Portfolio Committee, subsequently to EXCO.

Whilst it is important to understand cash flow projections, it is also critical to understand the relationship between revenue billed and the amount actually collected in the context of tariff, credit control and indigent policies. Comprehensive, coherent revenue policies that take into account appropriate service delivery levels and standards, people's ability to pay, and collection efforts will ensure realistic revenue projections and ultimately balanced budget.

4.2. Monthly Projections of expenditure (operating and capital) revenue for each vote

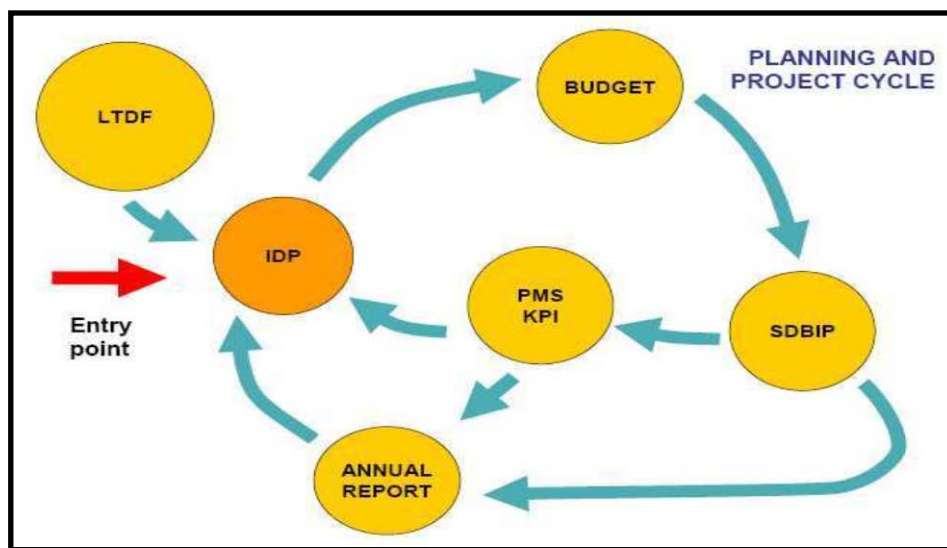
These projections relate to cash paid and should reconcile to the cash-flow statement adopted with the budget document. The focus is monthly projections per vote in addition to projections by source. When reviewing the budget projections against actual, it is useful to consider revenue and expenditure per vote in order to gain a more complete picture of budget projections against the actual.

4.3. Quarterly Projections of Service Delivery Targets and Performance Indicators for each vote (Annexure A)

Service delivery targets relate to the level and standard of service being provided to the community and include targets for reducing backlogs of basic services. This component of the SDBIP requires non-financial measurable performance objectives in the form of service delivery targets and other indicators of performance.

5. STRATEGIC DIRECTION AND PLANNING CYCLE

A seamless process between the Long Term Development Framework (African Sky Accord), IDP, SDBIP, Performance Management System (PMS) and Annual report would create an enabling environment for the Municipality to achieve its deliverables.



The MFMA clearly outlines the elements of the SDBIP to provide an order of logical sequence to ensure that the principal aim of the SDBIP of aligning the IDP to the Budget is achieved.

It is a requirement of the Municipal Systems Act that Municipalities should implement a Performance Management System linked to the SDBIP that is in line with its strategic priorities, objectives, indicators and targets as contained in its Integrated Development Plan. The core components of the performance management framework which inform the SDBIP are:

- Setting of key performance areas, objectives, key performance indicators, standards and targets
- Setting of measurable performance targets

Performance monitoring

Reviewing and measuring performance at least twice a year

Steps to improve performance

Implement a process of regular reporting

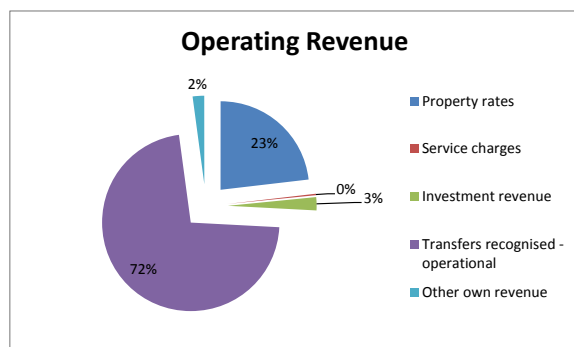
6. THE BUDGET PROCESS

Background to the Budget Preparation Process budget is the mechanism that translates plans into actions. Council plays a critical role in ensuring policy priorities are reflected in the budget. The MFMA requires that council submit a detailed plan of the budget process for the ensuing financial year for approval.

7. Summary Analysis of Financial Performance Indicators:

7.1 Summary of Operating Revenue for the Year

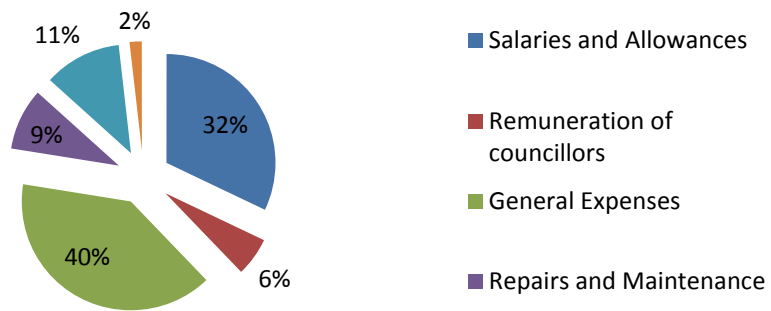
REVENUE /INCOME	Rands
Property rates	33 459 691.41
Service charges	387 224.41
Investment revenue	3 490 651.10
Transfers recognised - operational	104 103 000.00
Other own revenue	3 063 285.93
Total Operating Costs	144 503 852.86



7.2 Summary of Expenditure for the Year

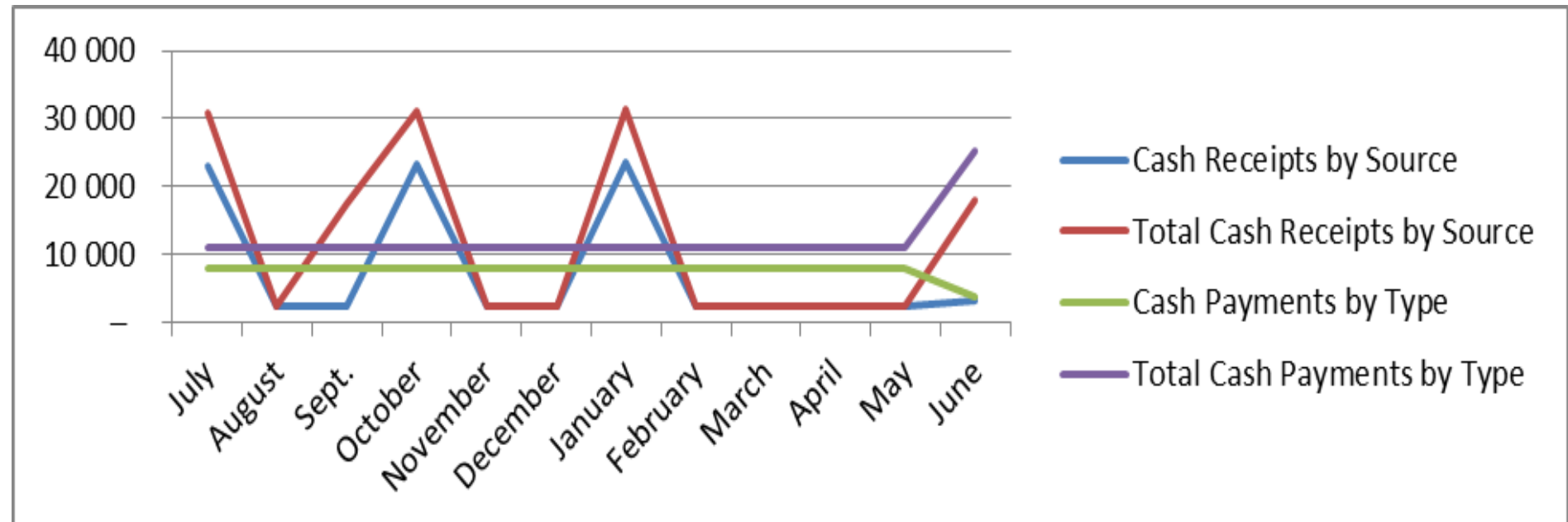
EXPENDITURE	
Salaries and Allowances	43 365 313.60
Remuneration of councillors	7 765 295.97
General Expenses	53 646 141.41
Repairs and Maintenance	12 389 429.76
Depreciation & asset impairment	15 545 131.76
Finance charges	2 443 520.91
Total Operating Costs	135 154 833.42

Operating Expenditure



7.3 Monthly Cash-flow Projection

R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Cash Receipts by Source	23 096	2 507	2 507	23 233	2 507	2 507	23 655	2 507	2 507	2 507	2 507	3 273
Total Cash Receipts by Source	30 841	2 507	17 507	30 977	2 507	2 507	31 399	2 507	2 507	2 507	2 507	17 879
Cash Payments by Type	7 886	7 886	7 886	7 886	7 886	7 886	7 886	7 886	7 886	7 886	7 886	3 766
Total Cash Payments by Type	10 998	10 998	10 998	10 998	10 998	10 998	10 998	10 998	10 998	10 998	10 998	25 176



Description	Budget Year 2015/16											
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Revenue By Source												
Property rates	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839
Property rates - penalties & collection charges	143	143	143	143	143	143	143	143	143	143	143	143
Service charges - electricity revenue												-
Service charges - water revenue												-
Service charges - sanitation revenue												-
Service charges - refuse revenue	29	29	29	29	29	29	29	29	29	29	29	28
Service charges - other												-
Rental of facilities and equipment	4	4	4	4	4	4	4	4	4	4	4	4
Interest earned - external investments	117	117	117	117	117	117	117	117	117	117	117	117
Interest earned - outstanding debtors												-
Dividends received												-
Fines	27	27	27	27	27	27	27	27	27	27	27	27
Licences and permits	13	13	13	13	13	13	13	13	13	13	13	13
Agency services												-
Transfers recognised - operational	24 551				24 551				24 550			0
Other revenue	260	260	260	260	260	260	260	260	260	260	260	260
Gains on disposal of PPE												-
Total Revenue (excluding capital transfers and contributions)	26 982	2 431	2 431	2 431	26 982	2 431	2 431	2 431	26 981	2 431	2 431	2 431

<u>Expenditure By Type</u>	July	August	Sept.	October	November	December	January	February	March	April	May	June
Employee related costs	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669
Remuneration of councillors	582	582	582	582	582	582	582	582	582	582	582	582
Debt impairment	339	339	339	339	339	339	339	339	339	339	339	339
Depreciation & asset impairment	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007
Finance charges	85	85	85	85	85	85	85	85	85	85	85	85
Bulk purchases												
Other materials	49	49	49	49	49	49	49	49	49	49	49	49
Contracted services												
Transfers and grants												
Other expenditure	3 339	3 339	3 339	3 339	3 339	3 339	3 339	3 339	3 339	3 339	3 339	3 339
Loss on disposal of PPE												
Total Expenditure	8 069	8 069	8 069	8 069	8 069	8 069	8 069	8 069	8 069	8 069	8 069	8 069
Surplus/(Deficit)	18 913	(5 638)	(5 638)	(5 638)	18 913	(5 638)	(5 638)	(5 638)	18 912	(5 638)	(5 638)	18 913

[illegible]

[illegible]

[illegible]

MONTHLY CASH FLOWS	Budget Year 2012/13											
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Short term loans												-
Borrowing long term/refinancing			15 000									-
Increase (decrease) in consumer deposits												-
Decrease (Increase) in non-current debtors												-
Decrease (increase) other non-current receivables												-
Decrease (increase) in non-current investments												14 606
Total Cash Receipts by Source	30 841	2 507	17 507	30 977	2 507	2 507	31 399	2 507	2 507	2 507	2 507	17 879

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KPA	GOAL	OBECTIVE	IDP REF NO	STRATEGY	INDICATOR	2015-2016 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN SDBIP									PORTFOLIO OF EVIDENCE	WAR D	
						PROJECT NAME	DEMAND	BASELINE	BACKLOG	ANNUAL TARGET	Q1 TARGET	Q2 TARGET	Q3 TARGET	Q4 TARGET			
Municipal Transformation and Institutional Development	To transform and develop institutional capacity to create an efficient organisation	To improve institutional and organizational capacity	MTOD01	Implementation of Skill Workplace Plan WSP	Rand spent on WSP	WSP Implementation									Financial Record & Training / Att Register		
					% spent on WSP												
					No of employees trained as per the WSP												
			MTOD02	Adoption & implementation of IDP focusing on the delivery of 10 critical municipal services	Date of adoption of the IDP	2016/2017 IDP Adoption	30 Jun-16	30 Jun-16	None	30 Jun-16					Council Resolution		
					Yes/No 10 critical services identified in & included in the IDP (MTAS)					Yes					IDP		
		Advance access to basic services	SDID01	Improve access to Electricity	% of households with access to Electricity												
					Rand amount spent on Electrification projects	Amount spent Sbhojeni Electrification project	R2000 000.00	None	None	R2000 000.00	R500 000.	R500 000.	R500 000	R500 000.			
					Amount spent on Othukelana Electrification project	Amount spent on Othukelana Electrification project	R1000 000.00	None	None	R1000 000.00	R250 000	R250 000	R250 000	R250 000			
					Amount spent on Bhethany /Action Homes electrification project	Amount spent on Bhethany /Action Homes electrification project	R 1 500 000	None	None	R1 500 000	R375 000	R375 000	R375 000	R375 000			
					Amount spent on Khethani Ext/ Isbonelo electrification project	Amount spent on Khethani Ext/ Isbonelo electrification project	R2 500 000	None	None	R2 500 000	R625 000	R625 000	R625 000	R625 000			
					Amount spent on Nhlanhleni Low Cost Housing electrification projects	Amount spent on Nhlanhleni Low Cost Housing electrification projects	R3000 000	None	None	R3000 000	R750 000	R750 000	R750 000	R750 000			
					Amount spent on Bergville Taxi Rank Lights Long distance	Amount spent on Bergville Taxi Rank Lights Long distance	R200 0000	None	None	R200 000	R50 000	R50 000	R50 0000	R50 0000			
	Service Delivery and Infrastructure	To improve service delivery and facilitate the provision and maintenance of new and existing infrastructure	SDID02	Improve access roads	Amount spent on gravel roads	Mceleni Gravel Road	R2 500 000.00	None	None	R2 500 000.00	R625 000	R625 000	R625 000	R625 000	PROGRESS REPORT		
						Makekeni Gravel Road	R4 411 518.98	None	None	R4 411 518.98	1 102 879 .50	1 102 879 .50	1 102 879 .50	1 102 879 .50	PROGRESS REPORT		
						Nxumalo Gravel Road	R 2 5000 000.00	None	None	R 2 5000 000.00	R625 000	R625 000	R625 000	R625 000	PROGRESS REPORT		
						Emaswazin Gravel Road	R2 900 000.00	None	None	R2 900 000.00	R725 000	R725 000	R725 000	R725 000	PROGRESS REPORT		
		Mbhorompo Gravel Road				R 4 662 000.00	None	None	R 4 662 000.00	1 165 500	1 165 500	1 165 500	1 165 500	PROGRESS REPORT			
Provision of Basic Infrastructure using MIG allocations																	

						Nkwazini Gravel Road	R3 000 000.00	None	None	R3 000 000.00	R750 000	R750 000	R750 000	R750 000	PROGRESS REPORT	
						Mpameni Gravel Road	R3 300 000.00	None	None	R3 300 000.00	R825 000	R825 000	R825 000	R825 000	PROGRESS REPORT	
						Qhozo Gravel Road	R4 4000 000.00	None	None	R4 400 000.00	1 100 000	1 100 000	1 100 000	1 100 000	PROGRESS REPORT	
						Dubazane Gravel Road	R1 443 000.00	None	None	R1 443 000.00	R360 750	R360 750	R360 750	R360 750	PROGRESS REPORT	
						Mqedandaba Gravel Road	R2 644 000.00	None	None	R2 644 000.00	R661 000	R661 000	R661 000	R661 000	PROGRESS REPORT	
						Masenga Gravel Road	R1 776 000.00	None	None	R1 776 000.00	R444 000	R444 000	R444 000	R444 000	PROGRESS REPORT	
						Hlombe Gravel Road	R2 500 000.00	None	None	R2 500 000.00	R625 000	R625 000	R625 000	R625 000	PROGRESS REPORT	
						Ezibomvini Gravel Road	R3000 000.00	None	None	R3000 000.00	R750 000	R750 000	R750 000	R750 000	PROGRESS REPORT	
						Mahhlag Gravel Road	R2 500 000.00	None	None	R2 500 000.00	R625 000	R625 000	R625 000	R625 000	PROGRESS REPORT	
						Izinyunyana Gravel Road	R2 500 000.00	None	None	R2 500 000.00	R625 000	R625 000	R625 000	R625 000	PROGRESS REPORT	
						2 KM of Gravel Roads in 14 Wards	R30 800 000.00	None	None	R30 800 000.00	7 700 000	7 700 000	7 700 000	7 700 000	PROGRESS REPORT	ALL
				Improve access roads	Amount spent on bridges	Bergville Tarred Road	R6 125 000.0	None	None	R6 125 000.00	R1 531 250	R1 531 250	R1 531 250	R1 531 250	PROGRESS REPORT	
						Amount spent on Construction of foot Bridges	R2000 000	None	None	R2000 000	R500 000	R500 000	R500 000	R500 000	PROGRESS REPORT	
						Ntumba Vehicular Bridge	R2000 000.00	None	None	R2000 000.00	R500 000	R500 000	R500 000	R500 000	PROGRESS REPORT	
						Phola Park Vehicular Bridge	R2000 000.00	None	None	R2000 000.00	R500 000	R500 000	R500 000	R500 000	PROGRESS REPORT	
			SDID03	Provision & maintenance of community & public facilities	Amount spent on Community Halls	Ngoba Community Hall	R3000 000.00	None	None	R3000 000.00	R750 000	R750 000	R750 000	R750 000	PROGRESS REPORT	
						Ngunjini Community Hall & Creche	R2 816 372.00	None	None	R2 816 372.00	R704 093	R704 093	R704 093	R704 093	PROGRESS REPORT	
						Vimbukhalo Community Hall & Creche	R1 903.33	None	None	R1 903 503.33	R475 875	R475 875	R475 875	R475 875	PROGRESS REPORT	
						Mcijeni Community Hall	R1 903 503.35	None	None	R1 903 503.35	R475 875	R475 875	R475 875	R475 875	PROGRESS REPORT	
			SDID04			Bergville Industrial Hub	R15 000 000	None	None	R15 000 000	R3 750 000	R3 750 000	R3 750 000	R3 750 000	PROGRESS REPORT	
			SDID05		Amount spent on Construction of Vehicle Testing Centre/ Disaster	Amount spent on Construction of Vehicle Testing Centre/ Disaster	R4000 000			R4000 000	R1000 000	R1000 000	R1000 000	R1000 000	PROGRESS REPORT	
			SDID06		Amount on spent Construction of Bergville Sports Complex	Amount on spent Construction of Bergville Sports Complex	R4000 000	None	None	R4000 000	R1000 000	R1000 000	R1000 000	R1000 000	PROGRESS REPORT	
			SDID07		Amount spent on Plant equipment	Amount spent on Plant equipment	R1 530 000	None	None	R1 530 000	R382 500	R382 500	R382 500	R382 500	PROGRESS REPORT	
			SDID08		Amount spent on Fresh Produce Market	Amount spent on Fresh Produce Market	R2000 000	None	None	R2000 000	R50 000 00	R50 000.00	R50 000 00	R50 000 00	PROGRESS REPORT	
			SDID09		Amount spent on Khethani Market Stalls	Amount spent Khethani Market Stalls	R2000 000	None	None	R2000 000	R50 000 00	R50 000 00	R50 000 00	R50 000 00	PROGRESS REPORT	

			SDID10		Amount spent on Cemetery Fencing	Amount spent on Cemetery Fencing	R500 000	None	None	R500 000	R125 000	R125 000	R125 000	R125 000	PROGRESS REPORT	
			SDID11		Amount spent on Ward Base Projects	Amount spent on Ward Base Projects	R20 000 000	None	None	R20 000 000	R5 000 000	R5 000 000	R5 000 000	R5 000 000	PROGRESS REPORT	
Local Economic and Social Development	To respond to social development issues and create a climate conducive for local economic development		LESD01		Amount spent on purchasing Fire Fighting Truck	Amount spent on purchasing Fire Fighting Truck	R2500 000.00	None	None	R2500 000.00						
			LESD02		Amount spent on purchasing of 3 Tractors & full equipment	Amount spent on purchasing of 3 Tractors & full equipment	R1500 000.00	None	None	R1500 000.00						
			LESD03		Amount spent on Computerised Learner System	Amount spent on Computerised Learner System	R1 426 302.00	None	None	R1 426 302.00						
Good Governance and Public Participation	To enhance and implement systems and procedures towards accountable local governance.		GGPP													ALL
			GGPP													ALL
			GGPP		R 835,000.00	R 882,557.00	R 220,639.00	R 105,500.00	R 220,639.00	R 320,000.00	R 220,639.00		R 220,640.00			ALL
					R 30,000.00	R91 120 00	R 22,780.00	R 5,175.44	R 22,780.00	R 5,175.44	R 22,780.00		R 22,780.00			ALL
					R 120,000.00	R 1,277,760.00	R 52,800.00	R 0.00	R 52,800.00	R 0.00	R 52,800.00		R 52,800.00			ALL
Financial Viability and Financial Management	To effectively manage municipal financial resources in a sustainable and accountable manner.		FVFM10		None	R 800,000.00	R 800,000.00	R 585,054.43		R 585,054.43						ALL
			FVFM10		None	R 400,000.00	R 100,000.00	R 78,212.03	R 100,000.00	R 100,712.03	R 100,000.00		R 100,000.00			ALL
			FVFM10		None	R 116,160.00	R 29,040.00	R 0.00	R 29,040.00	R 91,588.00	R 29,040.00		R 29,040.00			ALL
Spatial Planning and Environment	To create functional systems and procedures to attain effective land use and sustainable environmental management.		SPE03		R 500,000.00	R 1,000,000.00	R 125,000.00	R 0.00	R 125,000.00	R 0.00						ALL
			SPE03		R 500,000.00	R 1,000,000.00	R 125,000.00	R 9,120.00	R 125,000.00	R 1,009,120.00						ALL
			SPE03		R 100,000.00	R52 800 00	R 50,000.00	R 0.00	R 50,000.00	R 0.00	R 50,000.00		R 50,000.00			ALL